

What are the Benefits of More Strategic Incentives Programs for the Agriculture and Forest Industries and for the Agencies that Support them?

There are two common perspectives on the purpose for programs that provide conservation incentives on private farm and forest lands: For some, these programs are seen, at least in part, as “green payments” programs that help farmers and foresters find alternative sources of business revenue while keeping their land in production. For others, conservation incentive programs are designed to address and correct specific environmental problems.

It is important to acknowledge that these two perspectives are somewhat in tension. To the extent that programs providing general financial support for industry become more targeted to specifically address what are seen as key, specific environmental needs, the result could be a reduction of available support for some less “targeted” geographical or problem areas. This could be unpopular for those less “favored” areas. How are commercial farm and forest landowners to view such a potential development?

Overall, targeting incentive programs and making them more effective would seem to be very much in the interests of the agriculture and forestry industries and for the agencies that serve and support them. This is true for several reasons. Among these:

1. Better targeting will increase funding support:

Current funding for conservation incentive programs is quite limited and is not nearly sufficient to meet demand. Of course the level of funding for a program mirrors its political support. And much of the political support for incentive programs clearly depends on the level of public and policy community confidence that they are effective in addressing immediate, identifiable environmental issues. There are many examples of incentives being used to great on-the-ground effect. But these nearly always occur where a substantial concentrated effort and considerable resources were focused on dealing with a specific problem in a limited area – exactly what strategic targeting requires. As the environmental community, the voting public, and political officials gain confidence that private conservation incentives are effective in addressing specific problems, it is likely that funding could be dramatically increased, to the great benefit of the farm and forest industries.

2. Targeting the environmental need also targets the farm or forest business need:

Those locales or landscapes where the environmental need is greatest, also tend to be the locales where the most significant environmental burdens are being placed on private landowners. Thus those areas are the ones where the farm and forest communities have the most need for financial and technical assistance. For example, in those geographical locations where salmon streams are most plentiful, the landowners located there may face the greatest salmon restoration challenges. Targeting assistance to those areas helps both the salmon and the most burdened landowners. Such targeting should, therefore, work to the benefit of the farm and forest industries as well as of the environment.



Washington Stewardship Incentives Project

Project Summary

Voluntary conservation stewardship incentives are a critically important tool for improving environmental quality on the some 54% of Washington's land base that is in private ownership – mostly in farming and forestry. But there are strong indications that the multitude of programs, governments, and agencies which provide those incentives may be poorly coordinated and woefully under-funded, and that their efforts, especially collectively, may not be particularly strategic in addressing critical conservation issues.

The Washington Stewardship Incentives Project is a partnership effort between American Farmland Trust, the Washington Biodiversity Council, Shared Strategy for Puget Sound, the Washington Forest Protection Association, the Washington Farm Forestry Association, Defenders of Wildlife, Evergreen Funding Consultants, and others, to look for ways to improve the demonstrated strategic effectiveness of conservation incentives programs. The project is researching the ways other communities are improving their incentives programs and is drawing upon the expertise of key leaders and groups in Washington that fund and administer conservation incentives programs, those that implement them and broker the programs with landowners, and the landowners that use them on the ground.

January Incentives Summit

This project is currently developing a statewide conference – a Conservation Incentives Summit, to be held in early January, 2007. This conference will convene the major players in conservation incentives, the funders, those who implement and broker incentives programs, and the landowners who use them. The objective of the conference will be to identify ways these programs can be made more strategic and effective, can be better coordinated, and can be designed to better serve the needs of the landowner community we hope will use them. The conference will be produced by the above partnership, with funding assistance from the Washington Forest Protection Association. We are currently seeking support for this project and for the conference from additional partners.

For further information, please contact:

Don Stuart
American Farmland Trust
Pacific Northwest States Office
104 W. Meeker St., Suite A
Puyallup, WA 98371
Phone: (253) 446-9384 E-mail: dstuart@farmland.org

3. Targeting voluntary programs requires that they be made more desirable for landowners:
Conservation incentive programs are, by definition, voluntary. To make them more strategic will require that landowners in targeted areas find them more appealing and useful. If there is no landowner interest, targeting cannot succeed. A first essential element of strategic targeting, therefore, is identifying the ways in which incentives can be made of greater value to and hence more interesting for landowners. This may be because payment levels are increased, it may be because better technical assistance is provided, or it may be because the type, timing, nature, and package of offerings made available more appropriately addresses landowners needs. Whatever the improvements, they would produce stronger incentives programs that are more advantageous for all landowners who use them.

4. Effective, well-funded incentives programs are critical to the future of private farming and forestry:

If voluntary conservation incentives programs are not improved, if they do not come to be seen as genuine and effective solutions to critical environmental problems, policy-makers will continue to be driven toward regulation. Our private farm and forest businesses face difficult competition from an ever-increasingly global marketplace. Their future economic survival may depend upon there being strong, effective, well-respected, and well-funded conservation incentive programs that can help to avoid or to relieve that regulatory pressure.

It is, therefore, very much in the interest of the agriculture and forestry industries and of the agencies and groups whose mission is to serve them that improvements are made in private conservation incentives programs. Conversely, to make those improvements, will require the active and supportive participation of the agriculture and forestry industries, and of their support agencies and organizations, since targeting these programs requires that the programs be designed in a way that truly meet the needs of the members of those industries – the private landowners we hope will take advantage of them.

Why is it Important that we have Successful and Effective Voluntary Conservation Incentives Programs?

Washington's Private Lands:

Some 54% of the land base of the State of Washington is in private ownership.¹ The owners/managers of most of these lands, well over 20 million acres, are engaged in active agriculture or forestry.² For most of these landowners, their key objective in managing their lands is economically producing agricultural and forest products in a manner that is sustainable over time. Their lands provide them with a living and generate important economic benefits for their communities. At the same time, environmental quality on these lands is vital to the survival of countless species as well as to health and quality of life for all our citizens. So how their lands are managed is vitally important to everyone.

The Pressures for Land Conversion:

The agricultural and forestry businesses that manage these lands face severe competition in their international marketplaces and they are often only marginally profitable. When these farm and forest businesses fail, the lands they own and manage are almost always sold, subdivided, and developed for uses that are much more intensive – some 23,000 acres of agricultural lands disappear to development annually in the State of Washington,³ an area about the size of Lake Washington. The resulting fragmentation of the land base, population influx, pollution, impervious surfaces, and other impacts of this development can be destructive for the environment⁴ and a great deal more difficult to avoid than on a private farm or forest landscape. So it is in everyone's interests, when possible, to keep these lands in economically viable and well-managed natural resource production.

The Role for Voluntary Conservation:

In considering the different approaches available to communities for improving the environmental performance of these private lands and for protecting them from more intense development, voluntary incentives programs have huge practical advantages. For example:

¹ Washington State Association of Counties, http://wacounties.org/wsac/policy_naturalresources.htm.

² According to USDA (http://151.121.3.33:8080/Census/Pull_Data_Census) there are 15.3 million acres in agriculture in Washington State. It appears that there are about 4.5 million acres in “industrial” forest holdings in Washington and about 3.1 million acres in “non-industrial” small private land ownership. (See 2005 Examining Washington's Working Forest Stakeholders, <http://www.nwenvironmentalforum.org/forestforum/topicpapers/tp9.pdf>, or about 7.6 million acres in forestry total. Since the USDA farmland figures include 1.9 million acres of pastured and non-pastured woodlands, there is obviously overlap. It can probably be safely estimated that there are well over 20 million acres of farm and forestlands, total, in Washington State. (Note: Some of these lands, farm and forest, may be operated by private individuals but ownership may be in the Washington Department of Natural Resources or other public agencies.)

³ USDA Natural Resource Inventory (NRI), 1997. Based on table: http://www.wa.nrcs.usda.gov/NRI/Data/WA_luconv_table.pdf

⁴ See the Draft Puget Sound Salmon Recovery Plan adopted by NOAA Fisheries, Chapter 6, Habitat, p. 411, for an analysis of the impacts of development of farm and forest lands. <http://www.sharedsalmonstrategy.org/plan/docs/ch6/CHAPTER6habitat.pdf>. For example, impervious land cover exacerbates runoff and pollution, with parking lots generating almost 16 times more runoff than a meadow of comparable size. See U.S. Department of Housing and Urban Development, State of the Cities Report.

- Individual and community synergy and support: Incentives have the capacity to enlist willing, even enthusiastic landowner participation in achieving social objectives rather than tending to incite potential opposition. They can generate positive social pressure in a community and strengthen shared community values thus creating synergy that will enhance the effectiveness of the programs. Some of the most striking examples of habitat restoration are in situations where the availability of incentives brought about a broad shift in local community consensus and the active, positive participation of local landowners.
- Cost: Incentives also have the advantage that we know how much they cost (unlike regulation, where social costs may often be hidden). So, with incentives, we are actually in a position to attempt a measure of cost effectiveness. Because incentives are only used on those properties where the landowner is a willing participant, the actions resulting from them also tend to be well-adapted to the site-specific needs of the particular property involved. Because they are administered on a case-by-case basis, unwarranted public and social costs can be avoided by simply not approving those projects where the public benefits are not worth the expense.
- Possibilities for affirmative restoration: Many of our society's environmental policy goals require complex, positive actions to affirmatively improve conditions on private lands. Incentives have the advantage that they can bring such changes about by helping to pay for environmental restoration that would otherwise be very difficult or impossible to achieve solely with prohibitory regulation. And, because the landowner is an active, willing participant, these improvements can be accomplished in a site-specific way that is still consistent with the landowner's economic needs for the property.
- Encouraging socially-beneficial landscapes: Strong farm and forest lands incentive programs can have the positive effect of encouraging farm and forest landowners to remain in business and to keep their land in well-managed natural resource uses. This can help society preserve the large-parcel, un-fragmented, mostly natural and undeveloped private landscapes that are so necessary for the environment and for wildlife habitat. One unintended consequence of the use of regulation can be to increase the cost of doing business to a point where these lands fall to development and to other more intensive and less environmentally friendly uses.

The Relationship between Incentives and Regulation:

Some human conduct, of course, clearly requires regulation. Landowners are not entitled to engage in activities that cause damage to their neighbors or that impose unwarranted costs on the rest of society. In such circumstances, providing incentives at public expense may be seen as simply paying the landowner to comply with laws the rest of us are required to obey as a matter of course. Paying a landowner not to pollute the water supply might be such an example.

Thus there are issues of fairness to be considered in using incentives. We need to consider whether, in a given circumstance, paying for incentives confers an unfair benefit to the landowner in relation to their neighbors or in relation to the rest of society. We need to ask ourselves which kinds of conduct are simply to be expected of responsible landowners, and which are truly above and beyond such expectations and deserve a public investment.

What are the Issues with Current Incentives Programs?

What circumstances suggest that these programs might need improvement?

It is always appropriate that citizens and taxpayers pay scrupulous attention to the fiscal responsibility of any government spending program. And, because government programs that provide for voluntary landowner incentives generally involve a transfer of public funds (or a relief from public charges or requirements) to private individuals, they probably deserve to be viewed with particular care to assure that public benefits are truly being achieved rather than just a financial benefit given to private persons.

But there are also other, more specific circumstances that suggest that programs that provide conservation incentive funding may not be as cost-effective as they could be:

1. Weakness of existing coordinating infrastructure: We know that, generally speaking, incentives funding is spread very thinly and broadly across the landscape. We also know that there is no fully utilized and consistent infrastructure in place for coordinating the myriad of agencies and programs that provide these incentives. What coordination does exist tends to be done on the ground by those groups/agencies that broker programs directly to landowners or through direct inter-agency interactions.

This apparent lack of coordination suggests a potential for inconsistencies in how incentives are applied, or towards which priorities. We seem to have no way to be sure if we are all concentrating on the most serious problems, in the most threatened areas, or on those projects or situations that promise the greatest conservation benefits for the dollars spent. There is also no collective reporting of results between programs and agencies, and as a result no good way to track progress in a collective way.

2. Examples of highly effective use of incentives:
While our coordination seems lacking overall, at the same time, we have strong evidence that the promise of incentives programs is sometimes wonderfully fulfilled. There are many examples of watersheds or communities that, with the aid and support of properly-funded and well-organized incentives programs, at quite reasonable cost, have successfully coordinated available programs, enlisted enthusiastic local support, accomplished dramatic changes in collective private behavior, and produced substantial and clearly measurable benefit for the environment. Are these just instances of luck or of unique social behavior in rare and special communities, or are there lessons to be learned that could be applied more comprehensively?
3. Opportunities for strategic advantage:
It also seems likely that there would be opportunities for making our collective public spending more strategic. In any competitive funding process, some projects decisively stand out as a bargain, as providing substantial “bang-for-the-buck.” Some landowners are more willing than others to contribute their own efforts and financial support. And every technical assistance provider knows of situations where, if a slightly different “package” of program

offerings had been available, a particularly hesitant landowner could have been convinced and huge conservation benefits achieved at a very reasonable cost.

Likewise, progress made at some “keystone” locations may be essential to progress elsewhere or may greatly increase the benefits of other, related efforts – fixing a blocked culvert on an otherwise highly productive salmon stream, for example. Some problems and some geographic locations seem to deserve higher funding priority because they are more strategic. If multiple agencies were to agree on these priorities and give them more attention, or if they were to agree on funding for certain projects that seemed to serve all their priorities, perhaps we could get more benefit from our conservation dollars.¹ In cases like these, the potential public-benefit “pay-off” for being more strategic could potentially be substantial.

4. Lack of knowledge of the environmental services marketplace:

There is also reason to suspect that we may not always get that much for what we pay. For example, many of the landowners who participate in existing incentives programs may have been quite willing to act even if there had been no incentives funding available. Some landowners view conservation stewardship as a personal responsibility and may act on their own, without cost share – although some of these will accept cost share assistance if it is available. For others, participation in a conservation improvement may be driven as much by gains in property value or business operations that will result from the improvement as by the incentive itself.

So in calculating the cost-benefit of convincing those landowners who might NOT have acted on their own, one has to also add in the amounts expended on those landowners for whom the incentives may only be a small part of their motivation. Of course, the personal contributions of such landowners can be seen as greatly leveraging our public expenditure. Conversely, their willingness to act without incentives could imply that the public investment in financial assistance was not well spent. How are we to assess these issues?

With limited funding, current programs tend, quite reasonably, to focus on the “low-hanging-fruit” of mostly-willing landowners. With additional funding, these programs would have the opportunity to reach further, to engage landowners who might be less inclined to participate on their own. How much more will this cost? How much benefit will be achieved? With a better understanding of the “marketplace” for landowner environmental services, we’d be in a better position to judge and better able to know when we have paid too little or too much.

5. Concerns about longevity of conservation improvements:

There are concerns about the longevity of incentive-based conservation improvements on private land, and sometimes about the enforcement of contracts for those improvements. An agency may provide substantial financial assistance to a landowner to install a conservation

¹ For example, the Pacific Coast Joint Venture coordinates private and public funding to help strategically address waterfowl issues under the North American Wetlands Conservation Act in the Pacific Coastal regions. See: http://www.pcjv.org/about_us.html. For Washington, contact: Joe LaTourrette, (360) 754-2594, joe_latourrette@pcjv.org

practice, only to discover that, soon after its installation, the land was sold, the improvements removed, or the land developed – with the public receiving little benefit at all from its conservation dollar.

Or a landowner who accepts public money and installs conservation improvements may thereafter fail to maintain or to actively use them. With a change in ownership, the agency that paid for these improvements may be unable to enforce its contract requiring ongoing landowner maintenance. Or it may be unwilling to risk its favorable reputation among the limited cadre of “willing” landowners by taking rigorous contract enforcement action against an influential member of their community.

Where funding is limited, the landowner may have been paid only a small percentage of the cost of the improvement – and rigorous contract enforcement may, therefore, be seen by the landowner as an imposition and by the agency as counter-productive. If there were more substantial funding, we might see closer oversight and tighter enforcement – potentially a discouragement for some landowners. Conversely, if conservation contracts are more generously funded at a level that better approximates the “market” value of the services provided by the landowner, then contract enforcement might come to be seen as a more necessary and reasonable part of the entire process and as a predictable expense to be factored in to the landowner’s initial choice to or not to participate.

6. Inadequate measurements for benefits achieved:

These issues fall against the backdrop of our limited ability to decisively measure the benefits achieved. The need for measurement is particularly acute for incentives programs because of the seeming “private benefit” they provide and the perceived need to make sure we are not unnecessarily “giving away” the public purse. And unlike the costs for regulations, where social costs are often poorly understood and will not appear in the government’s operating budget, the costs for incentives have to be closely accounted for, audited, and periodically justified. Those agencies that administer these programs and the constituencies that support them need clear performance measures if they are to make the case for their continuation or growth.

The measures used, of course, differ program by program and problem by problem. But dollars per acre treated, per acre protected, per lineal foot of stream bank restored, per tree planted, etc., are often standard measures. There may be no effort to measure the quality of the treatment, the protection, the restoration, or the planting or the actual impact of the expenditure on the environment, let alone on public benefit, for the simple reason that such measures may not exist, are extremely costly, take too long to become measurable,² or are so complex as to become meaningless to overworked policy decision-makers.

It is, therefore, very difficult to know when an expenditure is “effective” and, accordingly, to know if it is “cost-effective.” And without ways to measure its cost-effectiveness, it is difficult to know when it is more or less “strategic.”

² NRCS Water Quality Conservation Resource Brief # 0603, February, 2000, reports that it may take up to 10 years for improved land management to produce measurable improvements in water quality.
<http://www.nrcs.usda.gov/feature/outlook/Water%20Quality2.pdf>.

7. Competition for scarce public resources – lack of funding:

All these challenges can potentially undermine the confidence of the public and the policy community in the effectiveness of incentives expenditures. And absent a robust alternative, it may tend to drive policy makers either toward regulations (which may, ultimately if less visibly, cost more), or toward taking no action at all to address important environmental problems.

And, of course, with limited funding, badly needed but costly and complex monitoring and measurement systems seem likely to be the first casualty, thus aggravating the problem. To save money, the incentives-administration community may be forced to work only at the fringes of the real problems. Scarce money tends to be scattered widely across the landscape and to force those who administer this chronically under-funded system to rely mostly on the good graces of a limited minority of particularly public-spirited landowners. .

In other words, scarce funding would seem to tend to create exactly the kind of system we seem to have in place at present.

So, why try to improve the incentives system?

- Because there are distinct improvements that seem to be needed in the current system;
- Because there is considerable promise that if solutions can be found great gains could be made both for landowners and for the environment;
- Because a system that could earn true public and policymaker confidence would doubtless be much more generously funded – and perhaps, for that reason alone, could become more strategic; and,
- Because the need for an effective system of conservation incentives for private landowners is very great.

How Should We Define our Limits and Key Terms in Making Incentives More Effective?

This project asks the question: “How can programs that provide voluntary conservation incentives to private landowners be made more strategic and effective?” Thinking carefully about the meaning of each of these key terms can help us better understand the challenges we face in answering that question.

1. “Voluntary” means that the choice to participate is made by the individual landowner without his or her being affected by undue compulsion.

It is important to note that what is “voluntary” can be in the eye of the beholder. Many landowners, for example, may feel that “voluntary” programs are still somewhat linked to regulation – as a method governments use to “cushion” the impact of what is, essentially a regulatory program. There may be the sense that participation in an incentives program is still driven by the underlying regulatory threat – that, at least in that sense, incentives are rarely fully and truly “voluntary.”

With this caveat, our discussions in this project should presumably be limited incentive programs that are at least, essentially, voluntary and are, hopefully, operated independent of direct connection with regulatory programs. Conversely, among the reasons for improving incentive programs is to make them a stronger, more fundable, and more appealing alternative for policymakers dealing with conservation issues and, hence, to potentially diminish the threat of regulation. So, while the appeal of a “voluntary” incentive may be affected by a regulation, the need for that regulation may be affected by the effectiveness of available incentives.

Moreover, in order to make voluntary incentives more effective, they clearly need to be made more appealing and more profitable for landowners so more will participate and greater impact is possible on strategic conservation problems they address.

2. “Conservation” means the protection of some environmental or quality of life value that can be produced or enhanced through appropriate management of private lands.

This is, essentially, a project about improving how our community addresses environmental issues. But what “conservation” values are we focused on? Each incentives program targets some different purpose or suite of purposes and is supported by a different constituency or coalition of constituencies. So there are many of these values among the many programs we will be evaluating and more, yet, among the multitude of constituencies that support each program or agency. From the perspective of each, what we mean by “strategic” or “effective” may well be seen as tied to how well we are addressing the issue or the values that their program (or their priority within that program) is aimed at protecting.

“Conservation” might be tied to conserving biodiversity, water quality, air quality, habitat for specific plant or animal species (e.g. salmon or sage grouse), sprawl prevention, open space, local access to food, protection of productive farm or forest lands, or potentially many other important values. “Targeting” funding to some locations or issues might easily reduce

funding for other areas or issues. If so, supporters or current beneficiaries of the diminished program or value may see that as a threat. And they may have their own perspective on what should be seen as a priority.

3. “Incentives” means benefits provided that motivate the desired private behavior.

Even a quick survey of the types of incentives that might be potentially included in this discussion quickly gets very broad (direct funding, tax relief, information & training, technical assistance, regulatory streamlining, market advantage/certification, recognition, etc.). The values these programs address and the target recipients are very diverse. And along with obviously major programs we also need to think about the roles of a host of relatively minor ones. In Washington, there are perhaps well over 100 current programs in formal existence that we might potentially consider. So some choices need to be made while we must also remain conscious of what we may be omitting.

For purposes of this project, we will primarily focus on the direct payments, technical assistance, and market advantage arenas – and on the most significant programs in use. We also will to focus primarily on programs that target private farm and forest (natural resource business) landowners.

4. “Private landowners” means the people who are recipients of the incentives and whose behavior we hope will be modified thereby.

Generally, this project will focus its discussion on those individuals whose ownership of land is motivated, at least in significant part, by its value as a business asset. This includes farm, ranch, and forest business. Our research, cataloguing, and other steps will attempt to include a broader spectrum of land ownership.

5. “Strategic” means that program funds are applied so as to address explicitly targeted conservation needs that are consciously selected as most important from among a number of potential priorities.

An assessment by Evergreen Funding Consultants¹ confirms one’s intuition that conservation incentive spending tends to be spread very broadly and thinly across the landscape. It is implicit that we believe that being more “strategic” would lead to our being more “cost-effective.” (See below.) So when we speak of “strategic targeting” we are suggesting that we can achieve greater public benefits per dollar spent.

It is important to understand that from an individual perspective there may be both perceived advantages and disadvantages to strategic targeting:

Advantages:

- *Improved cost-effectiveness for a given conservation value.* Some projects can deliver more per-dollar benefit to a given conservation value than another similar project due to the nature of each project, what is being done, where it is done, who is doing it, etc.

¹ Report of Evergreen Funding Consultants to Washington Biodiversity Council on “Conservation Incentive Programs in Washington State: Trends, Gaps, and Opportunities.”
http://www.biodiversitypartners.org/state/wa/biodiversity_report.pdf.

- *Improved cost-effectiveness through benefits to multiple conservation values.* Some projects can deliver benefits to a multitude of conservation values or through addressing multi-species issues in areas of enhanced biodiversity. In fact, one of the major declared purposes of seeking to better understand biodiversity is the potential cost-effectiveness of benefiting multiple habitats at the same time with the same conservation efforts.
- *Synergy at a system, watershed, or landscape level.* Improvements at multiple sites that are connected in a biological system or geographical corridor may cumulatively elevate environmental conditions to a level sufficient to provide meaningful habitat benefits for wildlife, human health, etc. Improvements at only a single or a few such sites may be insufficient to accomplish this. Sometimes loss or protection of a single site can be critically important as a potential break in the continuity of a vital system or corridor.
- *Synergy among the landowner community.* Local community interactions among landowners in a limited geography can encourage added participation from others which can significantly reduce overall cost. This kind of sense of community may be more difficult to create regionally or statewide.
- *Ability to measure.* Inability to measure the environmental impacts of work at a single site can make it difficult to justify the spending. Work at a multitude of sites or concentrated on a single problem can elevate the impact to a level where the benefits are more substantial and hence more measurable and the work, therefore, more justifiable.

Disadvantages:

- *Higher cost by traditional measures of success.* Targeting may require a possibly higher cost based on traditional measures, for example – per-farmer assisted or per-acre treated, etc. This higher “apparent” cost/investment may be needed, for example, to enlist a higher percentage of participation among landowners in the targeted area or who can address the targeted problem. There may also be possible “higher” per-farmer or per-acre costs for technical assistance and marketing.
- *Potentially higher cost by more strategic measures:* Even if benefits are measured more strategically, the increased costs and assistance needed to enlist the called-for level of landowner participation may be so much higher as to diminish or eliminate the strategic benefit. There may, for example, be instances when more acres of lower quality, less strategic wetlands could provide more environmental value than fewer, higher quality wetlands acquired at the same total public outlay.
- *Cost of stronger alternative measures of success.* As is mentioned above, if costs by current measures (per-acre treated or per-landowner assisted, etc.) are higher when spending is targeted on issues, problems, or locales, agencies may find this difficult to justify with policy makers unless there are stronger alternative measures that will demonstrate the real cost-effectiveness of their spending. These alternative measures seem to be largely lacking. And producing them with monitoring and measurement itself has costs. These higher monitoring and measurement costs, also, tend to diminish the actual cost-effectiveness of being strategic.
- *Reduced diversity of issues and constituencies addressed.* Many individual programs (like EQIP, CRP, WRP, etc.) can claim to address several environmental issues. For these programs, targeting may be seen as reducing the diversity of the issues addressed and, hence, the constituencies that support the program. This can be seen as a “cost” of being strategic – at least from the perspective of the funding agency.

- *Reduced geographic spread of benefits.* Targeting may also reduce the geographic spread of benefits from a program that is needed to secure the widespread public support they need to survive in the policy arena.

In the absence of strong and standardized alternative “measures” of success, keeping the per-acre or per-landowner costs low may be an inherent attribute of these programs driven by their political realities. Funding and delivery agencies probably tend to establish a “price” for landowner services and a description of what services will be paid for with a view to maximizing the number of participants, acres of treatment, variety/diversity in problems addressed program-wide, or geographical spread – all given the dollars they have available to spend.

6. “Effective” means cost-effective – that greater public conservation benefit is achieved per-dollar spent.

As mentioned above, the project goals imply that by being more “strategic” we can make these programs more “cost-effective.” But is that necessarily the case? And if it is only sometimes the case, when? Presumably there is a “market” for environmental/conservation services that can be provided by landowners. And that market will establish a “price” for the particular services and circumstances involved. Perhaps paying a higher per-acre/per-landowner price may be required to “strategically target” spending. But how does that higher price translate into cost for public conservation benefits received?

This raises two issues:

- Improving our measures of success: If we are to pay more by current measures (e.g. per acre or per landowner) we need to find more convincing measures of success that will justify the seemingly “higher” expenditure. One could argue that it is the lack of such alternative measures (or our unwillingness to pay to create them) that now prevents our being more strategic. Significant improvement in our ability to measure environmental success, either by devising better measures or by better funding the ones we have, is clearly essential to being more strategic with conservation incentives spending.
- Understanding the market supply curve for landowner conservation service delivery: We need to better understand not only the factors that affect market supply of conservation services by landowners (one of the objectives of this project), but also of the shape/configuration of the supply curve. This kind of information is needed, if only on a “macro” scale, if agencies are to predict what kinds of changes are likely to produce cost-effective improvements in conservation benefit delivery.

It might be noted that the benefits achieved from regulatory programs are also said to be insensitive to their costs. Evaluation of the social/economic costs of regulation certainly tends to be less explicit. The regulatory enforcement pressure for “one-size-fits-all” solutions can make it difficult to measure costs and to match costs with results. If we only look at public fiscal costs (enforcement, administration, etc.), a program may appear to be less expensive than it really is. And accurate assessment of private costs may depend on affected constituencies, some of whom may lack effective political voice.

What Kinds of Actions Might Help Make Conservation Incentives Programs More Strategic?

Any consideration of making conservation incentives programs more “strategic,” “focused,” or “targeted,” implies the hope current programs could be made more effective in addressing conservation issues if more of their collective resources could be brought to bear upon a particular problem, issue, or geographic locale which represented an agreed-upon high priority. To what extent is this possible? In some cases, the changes implied in this may be relatively easy. In others, major structural and statutory change may be called for.

Around the country, several groups and researchers are investigating ways to improve these programs. It is appropriate, therefore, to take a look at some of the ideas that have been tried or proposed elsewhere as a stimulus for out thinking about what might be worthwhile trying here in the State of Washington:

1. Improved processes for agreeing on and sharing information to reach collective goals, priorities, and projects:

In order to be more strategic or focused in how incentives programs, collectively, are applied in Washington, it would clearly be necessary that they be better coordinated. At present there is some general interaction among the administrators and brokers of these programs, and NRCS conducts a local prioritization process through its State Technical Advisory Committee and through its local work groups – both of which can involve other agencies and takes input at the State and local level. But the best coordination seems to take place at the direct technical assistance level – with landowner advisors attempting, within the limits of their knowledge, to bring the most available and appropriate programs to bear on the landowner problem at hand.

It seems at least possible that some improvements in the organized, statewide and/or regional coordinating and information sharing process among those agencies that fund and administer incentives programs would help. Such a process might facilitate or encourage

- Information sharing on a regular, organized basis about shared goals, projects, and opportunities;
- Active collaboration on specific projects or on emerging opportunities for projects;
- Agreements among funders on program changes that would make it easier for such collaborations to occur;
- Agreements among funders as to goals and priorities that can be implemented locally;
- Agreements among funders, brokers, and others on advocating for goals and priorities that might require State or Federal policy action. This might involve the sharing of ideas on the parameters/limitations of each participants program and a way to work our how to:
 - Work within those parameters
 - Identify possibilities (and create the momentum needed) for changing them, where appropriate.
- Discuss current issues that are affecting landowner participation in the programs and ways to make programs more landowner-friendly;

- Identify, together, additional ways in which incentives programs can be made more strategic and effective.

2. Mapping geographic priorities:

We might wish to have access to maps that helped decision-makers identify:

- Areas of biodiversity that provide opportunities to address multiple species issues with the same project money,
- Areas where the priority factors affecting priority issues can be most effectively addressed,
- Areas where particular geographic opportunities exist (e.g. migration corridors, special vulnerabilities, etc.)
- Areas where significant project or watershed work is underway,
- Areas currently covered by different programs and program priorities,
- Etc.

The mapping technology for this exists. The process, identified above, should have, as a part of the resources dedicated to this effort, access to mapping expertise so emerging issues can be addressed as they arise.

3. Shared monitoring protocols and performance measures:

Agreements might be reached on additional basic monitoring protocols that would allow collective impacts to be compared and combined and thus would be usable for shared performance measures presented to policy makers in a cohesive, logical way.

Agreed, stronger performance measures could be agreed upon among the funders and implementers of programs so they might, together, better measure desired outcomes like habitat quantity, quality, and functionality.

There could be increased sharing of information about costs and investments and agreements as to how those investments would be made. This could help make realistic and accurate cost effectiveness decisions and assessments possible before the policy community.

4. Improved information about the market for conservation services:

If funders are to predict and then act upon projected improvements in cost effectiveness that might be produced through strategic targeting, they must know how changes in their programs will be received by the landowner community – by the marketplace for conservation services. So it is important to assemble as much information as possible about that marketplace for conservation.

Our brief, initial review suggests that there is only limited material now available that might be useful in helping funders target their efforts. We may need a more thorough review of the literature and probably some thorough landowner survey and market research done that will help funders make these critical decisions. Identifying the specific targets of this research may be an early task for collaboration among the funder community.

5. Stronger current catalogues, publications, and shared information about available programs

Landowners and technical advisors who implement programs on the ground have only limited and disorganized systems for becoming aware of the opportunities presented by the myriad of programs available. If these programs are to be more strategic and targeted in bringing their collective impact to bear on priority issues, those who use them must know about them. This can be accomplished with better cataloguing of existing, changing, and emerging incentives programs. And it can be greatly aided with an information sharing system for brokers and technical advisors, perhaps including some periodic educational process in which they can participate. Since this information changes constantly, some sort of constantly updated clearinghouse for bringing the information together with those who use it may be justified.

The ultimate demand for conservation incentives comes from landowners. But the information about them tends not to be published anywhere in a way that is useful for most landowners. Usually such publications tend to be offered by specific agencies or programs for their particular constituency or by groups focused on a particular issue or conservation problem. Moreover, it is difficult to keep such landowner publications current. Perhaps we need some sort of current, landowner friendly publication that can be updated or a coordinated website with comprehensive information about programs, problems, and landowner needs.

6. Better appreciation for the needs of landowners:

In an earlier issue paper, we explained how more effective landowner incentives programs need to be more appealing to the landowners who will use them. If a particular conservation problem or geography is to become a focus of effort, more of the landowners whose land affects that problem or is in that area must be interested in participating. There have been some efforts to identify ways to make these programs more appealing, but we will need a more comprehensive understanding of these needs for strategic targeting to work. This is among the objectives for this project.¹

7. Find ways to encourage funders to coordinate their efforts:

There may be ways to motivate funding agencies to strengthen their coordination with other agencies on funding efforts. If, for example, agreement could be reached on priority goals and/or projects, the existence of State matching funds for those prioritized projects might stimulate both technical assistance providers and other funders to fund them as well. There may be a place for separate State funding to, in this way, provide the impetus for current incentives programs to focus together on agreed high priority goals.

8. Ongoing professional training for technical assistance providers and implementers:

Those professionals with agencies and organizations that work directly with landowners to implement projects on the ground are the first line of information for landowners on what programs might be available to them. These are, in effect, the “brokers” of program information for landowners. But the information they have may, at times, be limited. Perhaps there ought to be consistent, continuing education for on-the-ground technical assistance providers to keep them constantly up-to-speed on the current programs available, how they work, and what landowner circumstances might justify their use.

¹ See Issue Paper # 6.

9. Some criteria for stronger incentives programs:

Defenders of Wildlife have developed 10 tests or criteria for stronger incentives programs.²

These are:

1. “Focus on habitat and multiple native species: The program focuses on the conservation of a variety of organisms, habitats, and ecosystems in long-term efforts.
2. Clear ecological goals with regional or statewide context: The goals of the program are ecologically oriented and tie in with broader conservation goals in a given area.
3. Strategic in conservation: Priority areas are determined and targeted for conservation, but efforts from participants outside the priority areas are also accommodated to the extent that resources allow.
4. Program / project tracking: The program provider tracks the use of the program and evaluates the information to ensure that program goals are met. Tracking includes geographical distribution, habitat types, and participation levels. Information collected is linked to statewide tracking efforts.
5. Effective monitoring with ecological focus: Ecological outcomes are monitored to see if the conservation goals are actually achieved once the program is implemented.
6. Partnerships and program coordination: Agencies and organizations work together to offer greater incentives for landowners. Agencies coordinate goals and administrative procedures with other agencies and programs to more effectively conserve priority areas.
7. Adequate funding: Enough funding is available to allow program continuation and strategic planning and implementation.
8. Participation: The program is easy to access and offers enough of an incentive to encourage landowner participation and make conservation worth their while.
9. Efficient administration: Paperwork and timelines support program involvement, implementation, or effectiveness.
10. Appropriate and relevant technical assistance: Technical assistance is available to support landowners involved in the program and makes the process easier and more effective for them.”

These criteria help suggest the elements that may be needed for efforts to strengthen to strategic targeting and cost-effectiveness of landowner conservation incentives programs to succeed.

10. Further research:

It is part of the aim of this project to enlist the knowledge of those who fund, implement, and use conservation incentives programs to identify the steps needed to improve them. So our participants are encouraged to add to and amend this list as needed.

As a further aid in considering potential improvements to incentives programs, an Appendix to this issue paper (#5) is available summarizing the above and other proposals that have been made by those working in this arena.

Attached Appendix to Issue Paper # 5: Summary of Recommendations and Survey Findings on How to Improve Conservation Incentive Programs – Evergreen Funding Consultants, May, 2006

² See the Biodiversity Partnership web page at: <http://www.biodiversitypartners.org/incentives/criteria01.shtml>.